

# Retail Marijuana Return Filing Overview

January 29-31, 2014





# Agenda

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# Return Filing Requirements

## State Sales Tax (and Local Jurisdiction Sales Tax if applicable)

- Rate: 2.9% (State Only)
  - Note: Local jurisdiction rates vary depending on location.
- Frequency: >\$300 in Tax/Month = Monthly
- Method: Paper or Electronic -> ***Goal is to migrate all sales tax filing to electronic***

## Retail Marijuana State Sales Tax

- Rate: 10%
- Frequency: Monthly
- Method: Electronic

## Retail Marijuana Excise Tax

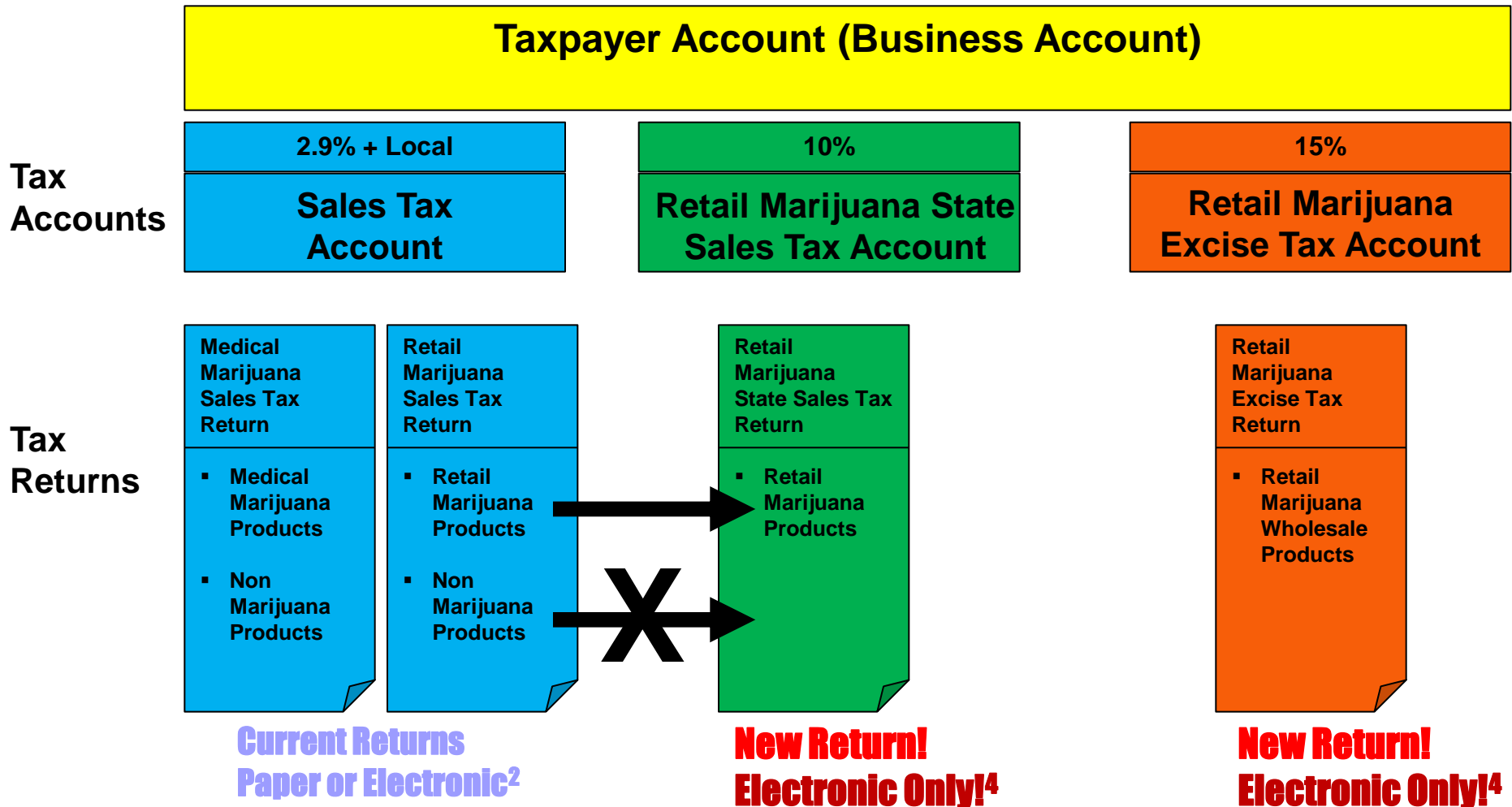
- Rate: 15%
- Frequency: Monthly
- Method: Electronic

***Currently 90% of medical marijuana businesses are filing monthly and 40% are filing electronically.  
Currently 55% of businesses overall are filing electronically.***

# Returns Approach

- For organizations operating both medical and retail stores, separate the tax filing for medical operations from the tax filing for retail operations in order to consistently reflect the Enforcement Division's physical/logical separation and dual license requirements.
- Separate the Retail Marijuana State Sales Tax Return (10%) from the Standard Sales Tax Return (2.9%).
- Medical Marijuana center tax filing not impacted. Continue to file DR100.
- Electronic return filing for Retail Marijuana Sales Tax and Retail Marijuana Excise Tax returns as provided in statute (businesses will also be able to file Medical Marijuana Sales Tax returns electronically at the same time). Provide a hardship exception paper filing alternative. Hardship exception will follow hardship exception for MITS electronic reporting.

# Account & Return Detail



## Notes –

- 1) Returns are due for the month that retail operations begin. If no excise or sales transactions occur in any given month – you must file \$0 returns (Medical DR100, Retail DR100, Retail Marijuana Sales, Retail Marijuana Excise).
- 2) For taxpayer convenience (and expedited DOR processing), the DR100 for medical sales and the DR100 for retail sales can also be filed electronically at the same time.
- 3) All returns are filed on a per location, monthly basis.
- 4) Hardship paper filing alternative that follows hardship exception for MITS reporting.

# Return Filing Scenarios

Organization Type	Tax Returns			
	Medical DR100 State and Local Sales Tax	Retail DR100 State and Local Sales Tax	Retail Marijuana 10% State Sales Tax	Retail Marijuana 15% State Excise Tax
Medical Cultivation and Medical Center				
Retail Cultivation Facility and Retail Store				
Dual Cultivation Facility, Dual Medical Center & Retail Store				
Medical Cultivation, Medical Center, Medical MIP				
Retail Cultivation Facility, Retail Store, Retail Product Manufacturer				
Dual Cultivation Facility, Dual Medical Center & Retail Store, Dual MIP				

# Excise Tax Information

## 15% Excise Tax

- Assessed on the **first** sale or transfer of marijuana from a Retail Marijuana Cultivation Facility.
- A wholesale tax that is not the **direct** burden of the consumer to pay.
- Cannot be combined with the sales tax at the point-of-sale receipt and cannot be separately stated on the receipt after the advertised price giving the appearance the consumer is directly paying the excise tax as the way sales tax is shown on the receipt.
- Calculated by pounds sold or transferred multiplied by the average market rate for the 3 product categories (Bud/Flower, Trim/Shake, and Immature Plants). Average Market Rate can be found at [www.TaxColorado.com](http://www.TaxColorado.com) under “Other Taxes,” then “Marijuana Taxes.”
  - Some Retail Marijuana stores have incorrectly been adding the 15% excise tax to the sales tax at the point of sale. This practice should stop immediately.
  - If you have been including the excise tax at the point of sale to a final consumer and including it in a receipt, you must remit whatever tax you have been collecting to the Department of Revenue.



# Sales Tax Information

## **10% Marijuana Sales Tax, 2.9% State Sales Tax, and any Local Jurisdiction Sales Taxes-**

- The sales tax is the burden of the final retail consumer.
- The sales tax must be included at the point of sale and itemized onto a receipt for the customer and your records.
- A Retail Marijuana Store cannot include taxes into the advertised price.



# Excise Tax Example

- A Retail Marijuana Cultivation Facility transfers 1 pound of Marijuana Flower to their Retail Marijuana Store on February 5<sup>th</sup>, 2014.
- Multiply the Average Market Rate (\$1876 per pound) x the Weight of Flower (1 pound) x 15% Tax Rate to calculate the amount of tax that must be remitted to the Colorado Department of Revenue (\$281.40).
- \$281.40 must be reported and remitted to the Colorado Department of Revenue on the February Excise Tax Return by March 20<sup>th</sup>, 2014.

*Note – There will likely be multiple excise transactions each month, separately reported in MITS, that will be aggregately reported on the Retail Marijuana Excise Tax Return.*

# Sales Tax Example

## Sales Tax Example

- That Retail Marijuana Store then sells 1/8<sup>th</sup> of an ounce of that marijuana flower on February 20<sup>th</sup> to a final consumer in Denver, CO for an advertised price of \$60. The taxes itemized at the point of sale should look like the following.

### *Sales Tax Receipt*

<b>1/8<sup>th</sup> Ounce of Marijuana Flower</b>	<b>-----\$60.00</b>
<b>Combined Sales Tax Rate of 21.12%</b>	<b>-----\$12.67</b>
(State Sales Tax Rate of 2.9%, State Marijuana Sales Tax Rate of 10%, RTD Sales Tax Rate of 1%, SCFD Sales Tax Rate of .1%, Denver Sales Tax Rate of 3.62%, Denver Marijuana Sales Tax Rate of 3.5%)	
<b>Total Due</b>	<b>-----\$72.67</b>

The retail store must then remit the State Sales Tax, RTD Sales Tax, and SCFD (Scientific and Cultural Facilities District) Sales Tax to the Colorado Department of Revenue monthly. The Denver City Sales Taxes must be remitted to the City and County of Denver as they are a self-collected, home-rule municipality.



# Return Filing Demos

- Accessing Revenue Online Account
- Specific Return Filing Demos
  - Standard Sales Tax (DR100) – Medical Marijuana
  - Standard Sales Tax (DR100) – Retail Marijuana
  - Retail Marijuana Sales Tax
  - Retail Marijuana Excise Tax
- Tax Payments



# Return Filing Assistance

- **WHAT**

- One-on-One training how to file returns
- One-on-One assistance to help file actual returns for the first time

- **WHEN**

- Weekday afternoons February 3<sup>rd</sup> – 20<sup>th</sup> (except for the 17<sup>th</sup> President's Day Holiday)
- 2 Sessions with 8 spaces each session (1:00-2:30 and 2:30-4:00)

- **WHERE**

- 455 Sherman Street, Denver, 80203, Suite 207

- **HOW**

- Must schedule an appointment by calling 303-205-8287

# Return Filing Assistance

## ■ **WHAT YOU NEED TO BRING IF FILING RETURNS**

- A copy of Revenue Online Registration Letter we are mailing this week.
- An email address that can be accessed via the Internet for Revenue Online registration.
- **Retail Marijuana Sales Tax Returns**
  - Retail Marijuana Store January gross sales, exemptions, and deductions information for each separate store location as a separate return is required for each store location.
  - Separate marijuana product sales information from non-marijuana (paraphernalia) product sales information for each separate store location as the 10% Retail Marijuana Sales Tax only applies to products containing marijuana.
- **Retail Marijuana Excise Tax Returns**
  - Quantities and dollar amounts for all product sold/transferred during January (excluding the one-time product conversion declared in MITS) for each of the three excise product categories below.
    - Bud/Flower (weight in pounds rounded to 4<sup>th</sup> decimal point)
    - Trim/Shake (weight in pounds rounded to 4<sup>th</sup> decimal point)
    - Immature Plants (quantity)
  - Per product category, you will need to know how much was sold/transferred in the following six manners.
    - To integrated Retail Marijuana Cultivation Facilities
    - To non-integrated Retail Marijuana Cultivation Facilities
    - To integrated Marijuana Product Manufacturers
    - To non-integrated Marijuana Product Manufacturers
    - To integrated Retail Marijuana Stores
    - To non-integrated Retail Marijuana Stores

# Return Filing Assistance

## ■ Medical Marijuana Sales Tax Returns

- In addition to filing your Retail Marijuana Tax returns electronically, for convenience and expedited DOR processing - you can also file your Medical Marijuana Sales Tax returns electronically. Bring your January gross sales, exemptions, and deductions information for each center location as a separate return is required for each store location.

## ■ MAKING PAYMENT

- Payments can be made by credit card or e-check when filing return.
- Payments cannot be made by check or cash at that time, but a voucher can be printed to be used when mailing in check or making cash payment at our Pierce Street facility.

*Note – A letter is being mailed and emailed with all this information.*

# Questions

